

5/11/11

PREPARED BY: Kathy Tenopir
DATE PREPARED: May 13, 2011
PHONE: 471-0058

Revised due to amendments adopted through May 5, 2011

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB397 establishes standards by which public employers, public employees, and the Commission of Industrial Relations (CIR) conduct their respective collective bargaining functions.

LB397 establishes standards for the following public employee and employer groups.

1. Public employers other than school districts, educational service units (ESU's), and community colleges with their certificated and instructional employees. (Includes cities; counties; non-certified employees of school districts and community colleges; and public power districts.)
2. School districts; ESU's; and community colleges and their certificated and instructional employees.
3. State of Nebraska including the University and State Colleges.

Estimated Fiscal Impact.

Public employers other than school districts; ESU's; and community colleges with their certificated and instructional employees.

LB397 mandates numerous items that must be presented to the CIR for consideration. New mandates include but are not limited to the use of Metropolitan Statistical Areas; the use of both public and private employers; an economic variable adjustment; and an actuarial analysis of pensions and health plans. LB397 also provides that evidence can be gathered by phone, email, etc. The fiscal impact cannot be quantified.

City of Omaha – fiscal impact cannot be determined

Douglas County – the proposed freeze on wages and benefits will cost the county a significant amount of money because currently the county could reduce wages and benefits that the CIR determines are above comparability.

City of Lincoln – anticipates a reduction in personnel costs and additional costs associated with procuring actuarial evidence.

School districts; ESU's; and community colleges and their certificated and instructional employees.

LB397 creates a timeline for collective bargaining; mandates mediation, unless both parties agree not to; and would take into consideration the ability-to-pay. The fiscal impact cannot be quantified.

State of Nebraska including the University and State Colleges.

LB397 would eliminate the Special Master process currently contained in the State Employee Collective Bargaining Act and parties to a dispute would go directly to the CIR. LB397 also provides that evidence can be gathered by phone, email, etc.; establishes a timeline; and CIR decisions are appealable directly to the Supreme Court rather than the Court of Appeals. The fiscal impact cannot be quantified.

University of Nebraska – overall no fiscal impact.

State College System – The expedited process would result in cost savings in the event a voluntary agreement is not reached, but the exact amount is unknown

Administrative Services – Employee Relations – estimates no fiscal impact.

Department of Education – The expedited process will result in cost savings in the event a voluntary agreement is not reached; the exact amount of savings is unknown.

Supreme Court – Any increase is not estimated to be significant.

Commission of Industrial Relations (CIR)

For public employers other than school districts, ESU's, and community colleges with their certificated and instructional employees – LB397 mandates additional new information that must be provided to the CIR for consideration to include but not limited to the use of MSA's, the use of both public and private employers, an economic variable adjustment, and an actuarial valuation of pensions and health plans.

For school districts, ESU's and community colleges and their certificated and instructional employees – the new mandate for the CIR is the consideration of the ability-to-pay.

For State of Nebraska including the University and State Colleges – LB397 changes the role of the CIR significantly. LB397 eliminates the Special Master process and parties involved in a dispute go directly to the CIR. Currently, the CIR acts in an appellate capacity after the Special Master has entered his or her findings in each case. There are 16 bargaining units in this category that could bring unresolved issues to the CIR.

The fiscal impact to the CIR is dependent upon the number of cases brought before them and the number of unresolved issues involved. As indicated by the CIR there is no way to be certain as to the exact change in caseload as a result of LB397. The fiscal impact cannot be quantified.

CIR – the cost for conducting a 1-day trial is estimated at \$4,230. The cost of conducting a 2-day trial is estimated at \$7,500. Whether more time than that would be required is dependent upon the amount of evidence presented. There is no way to be certain as to the exact change in caseload related to the passage of this bill.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Elton Larson	DATE	5/3/11	PHONE	471-2526
COMMENTS					
ADMINISTRATIVE SERVICES – EMPLOYEE RELATIONS-STATE PERSONNEL: Concur.					
DOUGLAS COUNTY: Concur.					
NEBRASKA DEPARTMENT OF EDUCATION: Concur.					
CITY OF OMAHA: Concur.					
NEBRASKA STATE COLLEGE SYSTEM: Concur.					
SUPREME COURT: No basis to disagree with agency assessment.					

2011 Legislative Bill Proposal Fiscal Note

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LEGISLATIVE FISCAL

Bill #: LB 397 AM 1116

State Agency: Administrative Services – Employee Relations-State Personnel

Prepared by: Jeannie O’Meara

Date Prepared: 4-11-11

Phone: 402-471-8292

Approved by:

Estimate of Fiscal Impact – State Agencies

	FY 2011-12		FY 2012-13	
	Expenditures	Revenue	Expenditures	Revenue
General Funds	0		0	
Cash Funds				
Federal Funds				
Other Funds				
Total Funds	0		0	

Explanation of Estimate: Amendment 1116 to LB 397 makes several changes to the Commission of Industrial Relations statutes and to the State Employees Collective Bargaining Act. The major change to the State Employees Collective Bargaining Act eliminates the Special Master procedure and a subsequent appeal to the Court of Appeals. An appeal of a ruling by the Commission of Industrial Relations would go directly to the Nebraska Supreme Court. Outside counsel is retained to represent the State in a dispute with the union. While a potential for savings from a hearing before the Special Master and an appeal to the Court of Appeals is possible due to reduced outside counsel costs, any savings could potentially be consumed should it be necessary to engage the services of an actuary to determine the value of retirement and insurance benefits. Therefore, the Employee Relations Division estimates no fiscal impact.

Amendment 1116 to LB 397 would have no fiscal impact on State Personnel.

Major Objects of Expenditure

Personal Services:

Position Title:	Number of Positions			2011-12	2012-13
	11-12	12-13		Expenditures	Expenditures
Benefits					
Operating					
Travel					
Capital Outlay					
Aid					
Capital Improvements					
TOTAL					

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LB^{III} 397 FISCAL NOTE

LEGISLATIVE FISCAL

State Agency OR Political Subdivision Name: (2) Douglas County, Nebraska

Prepared by: (3) Patrick Bloomingdale Date Prepared: (4) 4/29/11 Phone: (5) 402-444-7138

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2011-2012		FY 2012-2013	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	0	0	\$1 million +	unknown
CASH FUNDS	0	0	0	0
FEDERAL FUNDS	0	0	0	0
OTHER FUNDS	0	0	0	0
TOTAL FUNDS			Potential of \$1 million +	unknown

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

- The proposed freeze on wages and benefits will cost the County a significant amount of money because currently the County could reduce wages and benefits. The CIR determines are above comparability. The exact fiscal impact won't be known until contracts are litigated under the proposed law. In 2006, the County achieved a savings of nearly \$500,000 when the CIR ordered reductions in wages and termination of longevity pay for a 500 member bargaining unit.
- It is not possible to estimate what the financial benefit would be at this time.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2011-2012	2012-2013
	11-12	12-13	EXPENDITURES	EXPENDITURES
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				

LB 397, AM 1116 FISCAL NOTE

State Agency OR Political Subdivision Name: Nebraska Department of Education

Prepared by: Joel Scherling Date Prepared: 4/14/11 Phone: 471-4736

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

Table with columns for FY 2011-12 and FY 2012-13, each with sub-columns for EXPENDITURES and REVENUE. Rows include GENERAL FUNDS, CASH FUNDS, FEDERAL FUNDS, OTHER FUNDS, and TOTAL FUNDS.

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

The expedited process will result in cost savings in the event a voluntary agreement is not reached; the exact amount of savings is unknown.

MAJOR OBJECTS OF EXPENDITURES

Table for Major Objects of Expenditures. Columns include POSITION TITLE, NUMBER OF POSITIONS (11-12, 12-13), and EXPENDITURES (2011-12, 2012-13). Rows include Personal Services, Benefit, Operating, Travel, Capital outlay, Aid, Capital improvements, and TOTAL.

APR 12 2011

FISCAL NOTE **LB397**
Nebraska State College System

LEGISLATIVE FISCAL

Prepared By	Murphy, Carolyn
Date Prepared	4/12/2011
Prepared Phone	402-471-2505

Estimate Provided By State Agency or Political Subdivision

	FY 2011-2012		FY 2012-2013	
	Expenditures	Revenue	Expenditures	Revenue
General Funds			Possible Savings	
Cash Funds				
Federal Funds				
Other Funds				
Total Funds			Possible Savings	

Explanation of Estimate:

AM 1116 to LB 397 incorporates changes to the State Employees Collective Bargaining Act (SECBA) originally proposed in LB555. The amendment, as it relates to the NSCS, would eliminate the Special Master process, and any appeals from the Commission on Industrial Relation (CIR) would proceed directly to the Supreme Court rather than the Court of Appeals. Comparability factors would be made by the CIR using mandatory factors provided in the bill. This expedited process would result in cost savings in the event a voluntary agreement is not reached, but the exact amount is unknown.

Major Objects of Expenditure

Position Title	Number of Positions		FY 2011-2012	FY 2012-2013
	FY 2011-2012	FY 2012-2013	Expenditures	Expenditures
		Benefits		
		Operating		
		Travel		
		Capital outlay		
		Aid		
		Capital improvements		
		Total		

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LEGISLATIVE FISCAL

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LB⁽¹⁾ 397, AM1116 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Supreme Court

Prepared by: ⁽³⁾ Eric Asboe Date Prepared: ⁽⁴⁾ 4/12/11 Phone: ⁽⁵⁾ 1-4138

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2011-2012		FY 2012-2013	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 397, as amended by AM1116, could increase judicial workload since some cases would be appealed directly to the Supreme Court. However, based on the number of past cases heard by the Commission on Industrial Relations and appeals to the judicial branch, any increase is not estimated to be significant.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2011-2012 EXPENDITURES	2012-2013 EXPENDITURES
	11-12	12-13		
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

FISCAL NOTE LB397

Commission of Industrial Relations

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APR 14 2011
LEGISLATIVE FISCAL

Prepared By	Hord, Annette
Date Prepared	4/13/2011
Prepared Phone	402-471-2934

Estimate Provided By State Agency or Political Subdivision

	FY 2011-2012		FY 2012-2013	
	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds				
Federal Funds				
Other Funds				
Total Funds				

Explanation of Estimate:

This fiscal note represents the best estimate of costs related to this bill, based upon the experience of the Commission in handling cases in the past. There is no way to be certain as to the exact change in caseload related to the passage of this bill, but this is our attempt to predict the fiscal impact upon our agency.

LB 397 would more clearly mandate a large number of items that must be considered by the Commission in determining comparability with regard to municipalities, counties, non-certificated employees in an educational setting, and public power districts. Many of these standards are already used by the Commission, but others are being newly mandated. Primarily, these new mandates concern the required use of Metropolitan Statistical Areas, and the use of both public and private employers, both in-state and out-state. In addition, the bill would mandate the use of an actuarial analysis of pension and health plans, in order to determine a comparability value of these issues.

Regarding public schools, educational service units, and certificated employees of community colleges, LB 397 creates a negotiations timeline and mandates mediation, unless both parties agree not to do it. If an agreement on wages and benefits does not take place, these entities can then come to the CIR for a decision very much like the current process. There would be the potential, however, for another hearing if the employer had evidence of its inability to pay wages and benefits contained in the Commission's order.

For state employees, LB 397 would replace the Special Master process as contained in the State Employees Collective Bargaining Act with a process whereby bargaining units covered under the SECBA would come to the Commission if the union and the employer were unable to come to agreement on wages and benefits for the employees in the respective bargaining unit. Currently, the CIR acts in an appellate capacity after the Special Master has entered his or her findings in each case.

This process would occur every odd-numbered year, with the requirement that once mediation had been tried, either or both parties could bring their unresolved issues to the Commission by January 15. The Commission would be required to conduct a pre-hearing conference and a hearing and enter its order on each unresolved issue by March 1. Standards to be used by the Commission are contained in the bill.

Presently, there are 16 bargaining units that could bring unresolved issues to the Commission. The State of Nebraska has 11, the Nebraska State College Board has 3, and the University system has 2. Should all of these units come to the Commission in a given year, the work load would be increased, particularly given the 6-week time frame in which to hear the case and decide it. A review of the history of units coming to the Special Master reveals that in some odd-numbered years, all bargaining units are able to resolve their issues either through negotiations or possibly with the aid of a mediator. Starting in 2007, however, there have been more cases brought to the Special Master. Specifically, in 2007, nine of the state employee bargaining units went to a Special Master, with eight of those bargaining units ultimately coming to the Commission in the form of an appeal. In 2009, four bargaining units brought cases to a Special Master, with all four of those cases being appealed to the Commission. Ultimately, all of those Commission decisions were appealed to the Nebraska Supreme Court.

For the purposes of this fiscal note, the Commission is not going to try to predict how many cases the Commission might actually be presented with in any given year. Given the directives contained in the bill with regard to array selection and comparability, it is certainly possible that the parties would be better able to come to an agreement outside the CIR. However, it does seem apparent that the CIR could also see more cases. With regard to the state employees, cases could range from no cases at all to a maximum of 16. Instead, we will provide an estimate of the amount that it would cost in per diems, and other expenses, to conduct a trial in order to hear the evidence presented and then enter a findings and order.

An estimated cost for conducting a 1-day trial is determined to be approximately \$4,230. This includes the cost of per diems and OASDI for the hearing commissioner and the panel commissioners, the cost of travel and/or board & lodging if required to attend the hearing,

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LEGISLATIVE FISCAL

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LB⁽¹⁾ AM FISCAL NOTE
397 1116

State Agency OR Political Subdivision Name: University of Nebraska
(2)

Prepared by: (3) Michael Justus Date Prepared: (4) April 12, 2011 Phone: (5) 402-472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2011-2012		FY 2012-2013	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

Amendment 1116 to LB 397 incorporates provisions of LB 555 related to collective bargaining, the Commission of Industrial Relations, and the State Employees Collective Bargaining Act.

The provisions related to the State Employees Bargaining Act apply to University employees and the 2 bargaining units currently under collective bargaining agreements.

AM 1116 to LB 397 makes several changes to the Commission of Industrial Relations statutes and to the State Employees Collective Bargaining Act. The changes eliminate the Special Master procedure and intermediate appeals to the Court of Appeals in favor of one proceeding before the Commission and a direct appeal to the Nebraska Supreme Court.

It is not anticipated that these changes will increase the frequency of cases going to the Commission. The University often retains outside counsel for proceedings before the Special Master, and eliminating that process may obtain some indefinite savings.

Overall Amendment 1116 to LB 397 would have no fiscal impact on the University.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2011-2012 EXPENDITURES	2012-2013 EXPENDITURES
	11-12	12-13		
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				